

## **0510.01 Delegated Purchase Authority for Supplies, Materials, Equipment, Printing and Services**

Issued August 31, 1998

**SUBJECT:** Delegated Purchase Authority for Supplies, Materials, Equipment and Services

**APPLICATION:** Executive Branch Departments and Sub-Units

**PURPOSE:** To prescribe the policies and procedures by which Executive Branch Departments shall procure supplies, materials, equipment and services up to \$25,000.

**CONTACT AGENCY:** Department of Management and Budget (DMB) – Business Services Administration, Purchasing Operations

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**SUMMARY:** In an effort to streamline the process and to provide better service to its customers, Purchasing Operations delegates purchasing authority to state departments for procurements up to \$25,000.

Except as otherwise provided departments have authority to issue one-time purchase orders for supplies, materials, equipment and services up to \$25,000. Departments also have authority to establish multi-year contracts up to \$25,000 for services. Departments have the option of routing requisitions under \$25,000 to Purchasing Operations for processing using document type OP. The OP document type should not be used for requisitions over \$25,000 (with the exception of legal services).

Legal services other than hearing officers in any dollar amount are not delegated except under written delegation from the Director of Business Services Administration with written approval of the Department of Attorney General. All contracts for legal services will be handled by Purchasing Operations working in conjunction with the Department of Attorney General or directly by the Department of Attorney General. Agencies should use the OP document type when submitting requisitions for legal services to Purchasing Operations. Agencies that wish to work directly with the Department of Attorney General should contact the Assistant Attorney General for Litigation in the Executive Division of the Department of Attorney General.

Purchases must not be divided into separate orders (transaction splitting) with the intent to stay within this delegated authority. Also, items must not be available currently from a contract (Blanket Purchase Order), Michigan State Industries (MSI) set-aside, or the community rehabilitation organization set-aside. All letterhead and business card orders must be processed through DMB, Print and Graphic Services. Violations by departments may result in the loss of delegated authority.

Purchases may be made with a procurement card or direct voucher (up to \$2,500), or by issuing a direct purchase order, purchase order, or blanket purchase order, in accordance with administrative guide procedures and other directives (see Contracted Services under OFM Letters/Directives at

[www.michigan.gov/budget](http://www.michigan.gov/budget), Financial Management) governing the use of these procurement methods.

All procurements under this procedure are subject to audit by DMB.

APPLICABLE FORMS: Requisition Header (PCHL2100)  
Purchase Order (PCHL 340)  
Blanket Purchase Orders (PCHL2342)  
Direct Purchase Order (PCHL2360)  
Advice of Change (PCHL8010)  
CS-138 Header (PCHL2117)

#### PROCEDURES:

##### Department/Agency:

Determine a need. Buyers in Purchasing Operations are available to help develop the specifications or work statement. Some sample work statement templates for routine services are available under "Statewide Purchasing" at DMB's intranet site ([connect.Michigan.gov](http://connect.Michigan.gov)). Use the appropriate National Institute for Governmental Purchasing (NIGP) commodity code that most accurately describes the supplies, materials, equipment and/or services needed. Obtain CS-138 approvals if required for services. Enter the CS-138 ID value in the appropriate field(s) on the purchasing documents.

If purchasing by Procurement Card or Direct Voucher does not apply, use the appropriate purchasing document in the ADPICS system. A purchase order may be issued for the following categories without the contractor's signature provided the agency obtains a signed quote from the contractor or a phone quote, including date. If a phone quote is used, it must be referenced in the purchase order:

One-time shipments or multiple deliveries of commodities that will occur within a one-year period. Non-professional and general labor services provided they are of low risk, routine and within a one-year period or less.

Include a detailed description of the commodity or service. For example, the following may apply:

For commodities: product description; manufacturer; product or model number; quantity; size; color; delivery requirements; installation requirements, etc.

For services: detailed specifications, including the following information: Service Type (example: copier maintenance, janitorial services, consultant project, etc.); Statement of Work (including how the work is to be performed, the frequency with which it is to be performed, any special requirements or qualifications); Time frames (example: start date and end date).

For consultant projects, the Statement of Work should include the measurable outcomes that are desired and the required deliverables.

Determine best source from which to purchase the product or service by following the methods prescribed within your department's policies and procedures. Some things to consider before selecting a vendor include: vendor's ability to meet the identified service requirements, proximity of vendor to the facility, equipment and staffing capabilities, prior experience (references), reasonableness of pricing.

Include appropriate terms or conditions and any special requirements that apply.

Include the following MAIN term for purchase orders for commodities: POI&C.

Include the following MAIN terms for purchase orders for services: POI&C and POINS.

Use the following templates for multi-year contracts for general labor services: Work Statement Template, General Contract Provisions Template, and Contract Cover Sheet Template. All templates also include detailed instructions for establishing a contract. (Templates are available at [www.michigan.gov/doingbusiness](http://www.michigan.gov/doingbusiness) under "For State Agencies".)

Post the purchasing document through the ADPICS system. This will automatically place the document in the appropriate approval path for required internal and external approvals.

A contract that is signed by both parties should be used for the following:

All professional services, regardless of duration.

Other multi-year services.

A contract is the best document to use when contracting for services. Terms and conditions are included and both parties must sign and agree to the contract, providing the best protection to the State.

When buying used equipment, perform an inspection of the equipment prior to the purchase to validate the value. This inspection should be documented.

For commodities, include freight and delivery terms. If the quote is F.O.B. Shipping Point, it must also include point of shipment and shipping weight, and the state's contracted carriers should be used. Freight cost should be a factor in the award criteria when multiple sources are being considered. See "Freight Information" at [www.michigan.gov/doingbusiness](http://www.michigan.gov/doingbusiness) under "For State Agencies".

If all required approvals have been obtained, and the price(s), offered products, and the successful vendor has been determined to be acceptable, the agency/department procurement staff will issue an order to, or enter into a contract with, the selected vendor. A contract that contains the signature of the contractor and the State contracting agent is used for all professional services, both short and long term, and recurring services. A purchase order can be used for one-time purchase of goods, multiple deliveries of commodities that will occur within a one-year period, or for a short-term (one year or less), low risk, general labor service.

DMB- Purchasing Operations:

Requisitions are electronically forwarded to Purchasing Operations if (1) the document type "OP" or, (2) the value is greater than \$25,000. The requisitions are then assigned to the appropriate buyer for processing.

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